

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 85**

FINAL READING

Introduced by McGill, 26.

Read first time January 8, 2009

Committee: Urban Affairs

A BILL

- 1 FOR AN ACT relating to municipalities; to authorize urban growth
- 2 districts and provide bond authority.
- 3 Be it enacted by the people of the State of Nebraska,

1           Section 1. (1) The Legislature recognizes that there is  
2 a growing concern among municipalities that infrastructure costs  
3 and needs are great, especially in areas that are on the edge  
4 of or near the municipal boundaries and in need of development  
5 resources, and the governing bodies of municipalities must identify  
6 and develop financing mechanisms to respond to all infrastructure  
7 needs in an effective and efficient manner. The authorization of  
8 urban growth bonds, with local option sales and use tax revenue  
9 identified as the source of financing for the bonds, will encourage  
10 municipalities to use such revenue to bond infrastructure needs.

11           (2) The governing body of a municipality may create  
12 one or more urban growth districts for the purpose of using  
13 local option sales and use tax revenue to finance municipal  
14 infrastructure needs. An urban growth district may be in an area  
15 along the edge of a municipality's boundary or in any other  
16 growth area designated by the governing body, except that the  
17 territory of each urban growth district shall be (a) within the  
18 municipality's corporate limits and (b) outside the municipality's  
19 corporate limits as they existed as of the date twenty years prior  
20 to the issuance of any urban growth bonds by a municipality under  
21 the authority of this section.

22           (3) The governing body shall establish an urban growth  
23 district by ordinance. The ordinance shall include:

24           (a) A description of the boundaries of the proposed  
25 district; and

1           (b) The local option sales tax rate and estimated urban  
2 growth local option sales and use tax revenue anticipated to be  
3 identified as a result of the creation of the district.

4           (4) Any municipality that has established an urban growth  
5 district may, by ordinance approved by a vote of two-thirds of  
6 the members of its governing body, issue urban growth bonds and  
7 refunding bonds to finance and refinance the construction or  
8 improvement of roads, streets, streetscapes, bridges, and related  
9 structures within the urban growth district and in any other area  
10 of the municipality. The bonds shall be secured as to payment  
11 by a pledge, as determined by the municipality, of the urban  
12 growth local option sales and use tax revenue and shall mature not  
13 later than twenty-five years after the date of issuance. Annual  
14 debt service on all bonds issued with respect to an urban growth  
15 district pursuant to this section shall not exceed the urban  
16 growth local option sales and use tax revenue with respect to such  
17 district for the fiscal year prior to the fiscal year in which  
18 the current series of such bonds are issued. For purposes of this  
19 section, urban growth local option sales and use tax revenue means  
20 the municipality's total local option sales and use tax revenue  
21 multiplied by the ratio of the area included in the urban growth  
22 district to the total area of the municipality.

23           (5) The issuance of urban growth bonds by any  
24 municipality under the authority of this section shall not be  
25 subject to any charter or statutory limitations of indebtedness or

1 be subject to any restrictions imposed upon or conditions precedent  
2 to the exercise of the powers of municipalities to issue bonds or  
3 evidences of indebtedness which may be contained in such charters  
4 or other statutes. Any municipality which issues urban growth bonds  
5 under the authority of this section shall levy property taxes  
6 upon all the taxable property in the municipality at such rate or  
7 rates within any applicable charter, statutory, or constitutional  
8 limitations as will provide funds which, together with the urban  
9 growth local option sales and use tax revenue pledged to the  
10 payment of such bonds and any other money made available and used  
11 for that purpose, will be sufficient to pay the principal of and  
12 interest on such urban growth bonds as they severally mature.